

## OPENING STATEMENT

### Oireachtas Joint Committee on Environment and Climate Action

*Dear Honourable Members of the Joint Committee on Climate Action,*

My name is Gergely MOLNAR and it is a great honour to share with you the Opening remarks of today's session on the behalf of the International Energy Agency. Please allow me to focus primarily on issues related to gas and LNG supply security.

- Russia's invasion of Ukraine in February last year triggered the world's first truly global energy crisis.
- The International Energy Agency reacted swiftly. We coordinated two agreements on oil stock releases leading to 180 million barrels of oil committed to the market. This is by far the largest oil stock release in our history.
- The IEA has also acted rapidly to provide advice to policymakers with actionable, short-term measures identified in a 10-Point Plan on Reducing the European Union's Reliance on Russian Gas and a 10-Point Plan to Cut Oil Use. At the end of 2022 we released two Reports focusing on the 2023 gas balance and how the EU can avoid gas shortages in the new year.
- Global gas markets moved towards a gradual rebalancing since the beginning of 2023, due to timely policy action, effectively working market forces and favourable weather conditions. Nevertheless, the short-term gas supply outlook remains tight and the global gas balance is subject to an unusually wide range of uncertainties.
- Acknowledging this, the Agency hosted in mid-February a Special Ministerial on natural gas markets and supply security in mid-February. The meeting was co-chaired by Minister Ryan and the IEA is grateful for the support provided by Ireland, essential to the success of the event.
- 40 Governments took part in the meeting, to discuss how to foster gas supply security and highlighting the need for structural gas demand reduction and enhance dialogue between consumers and responsible gas producers.
- The current energy crisis further strengthened the drive behind clean energy policies and weighs on the prospects of fossil fuels, including natural gas.
- LNG projects which reached FID and/or under construction would add over 200 bcm/yr of liquefaction capacity through 2024-28. This strong increase in LNG production capacity could loosen market fundamentals and ease gas supply security concerns through the second half of the decade.
- The need for additional investments remains uncertain beyond that horizon.
- In the Stated Policies Scenario, which shows the trajectory implied by today's policy settings and net zero aspirations are not reached, global natural gas demand expands by around 9% from today's level by 2030 and then stays broadly flat. In this Scenario, an additional 240 bcm per year of LNG export capacity is needed by 2050 above what currently exists or is under construction.
- In the Net Zero Emissions by 2050 Scenario, in which global gas demand declines by 70% by 2050, there is no need for any additional investment in new LNG liquefaction capacity, and in some cases even projects which are already under construction are not needed anymore.
- In these times of unprecedented uncertainties, consumers and responsible producers should work closely together to reinforce the fundamentals of gas supply security, reduce the emission intensity of gas and LNG supply and facilitate the deployment of technologies, including CCUS, which could mitigate the investment risk associated with natural gas and LNG. In parallel, gas demand should be reduced in a structural manner through measures enhancing energy efficiency standards and accelerating the deployment of low-emission energy sources.

I would like thank you for your kind attention and remain at your disposal for any comments and questions, either now or later bilaterally.